

# Update on Budget and Fiscal Outlook



**MARCH 21, 2011**

## Budget Challenge



- **FY 2010/2011 Projected to end in balance**
- **FY 2011/12 - \$3.5 million**
  - **Will likely increase if RDA is eliminated**
- **FY 2012/13 - \$8 million**
  - **Decreases to \$4.5 million if \$3.5 million in reductions in FY2011/12 are structural and ongoing**

## FY 2011/2012 State Budget Impact on Redevelopment Agency

- On 1/1/11 State proposed total elimination of Redevelopment
- State Legislature currently voting on this proposal
- The HB RDA currently receives about \$20 million annually
- Of this amount, \$4.9 million is transferred to the City's General Fund each year
- Under the proposal, HB would no longer receive \$20 million in tax increment annually for redevelopment activities
- Instead, City may receive additional property tax revenue of between \$2 to \$3 million annually
- The proposal may result in a net loss to the General Fund of \$2-\$3 million annually
- Will likely increase projected \$3.5 million challenge in FY 2011/2012

## Strategic Planning Follow-up



To address General Fund challenges **the** following options are being considered:

- **Revenue Increases**
- **Expense Reductions**
- **Employee Concessions**

## Reductions by Department to Address Budget Challenge (Illustrative Purposes Only)

<div style="display: flex; justify-content: space-between; padding: 5px;"> <span>Budget Challenge</span> <span><b>\$3.5 million (1)</b></span> <span><b>\$4.5 million (2)</b></span> <span><b>\$8 million</b></span> </div>			
Department	FY2011/12 Reduction (2.2%)	FY2012/13 Reduction (2.6%)	Total 2 Year Reductions
Elected Officials	78,032	99,664	177,697
Police	1,357,411	1,733,696	3,091,106
Fire	767,220	979,900	1,747,120
Public Works	394,476	503,828	898,303
Community Services	282,408	360,694	643,102
Planning & Building	140,102	178,939	319,041
Human Resources	108,866	139,044	247,910
Library Services	90,837	116,017	206,854
Information Services	134,511	171,798	306,309
Economic Development	34,631	44,231	78,863
Finance	108,669	138,794	247,463
City Manager	34,107	43,561	77,668
<b>Total</b>	<b>3,493,720</b>	<b>4,510,166</b>	<b>8,041,435</b>

(1) Challenge could increase to more than \$4.7 million if RDA is eliminated

(2) Assumes \$3.5 million in reductions in FY 2011/12 are structural and ongoing

# Community Services



## Added Value Programs

No.	Program	Program Description	FY10/11 Expense		No. of FTE's
			Budget	FY10/11 Revenue	
1	Specific Events	Coordinates with promoters and non-profit organizations conducting large-scale special events held on public property and at Pier Plaza. A specific events committee comprised of staff from several departments oversees the approval process. Permit fees are collected along with reimbursements from event promoters for staffing costs associated with hosting the events. Major events include the US Open of Surfing and Surf City Marathon.	\$ 98,632	\$ 42,000	1 FTE
2	Recreation Programs	Includes all adult and youth sports programs as well as instructional classes and junior lifeguards. Also includes operations at the Sports Complex, Edison and Murdy Community Centers, and the City gym/ pool.	\$ 3,916,799	\$ 3,597,700	8 FTE plus 38,000 recurrent hours
3	Shipley Nature Center	Funding supplements the maintenance and operation of Shipley Nature Center by the non-profit organization operating this city-owned facility.	\$ 30,000	\$ -	Contracted (.5 FTE)
4	Beach, Recreation, Human, Cultural Services Administration	Staffing associated with supporting and administering beach special event programs and parking passes. Also includes supervision of Recreation, Human, Cultural services division	\$ 311,132	\$ 70,000	1
5	Senior Services/Human Services	Senior Services focuses on active aging and direct services to HB residents.	\$ 614,145	\$ 20,000	5.75
6	Art Center/Cultural Services	The Art Center provides a total of six art exhibitions annually, special community events, summer and spring Art Camps, as well as a variety of Art Center classes for adults, teens, and children.	\$ 443,818	\$ 165,000	3



## Core Programs



- **Core Programs** are those programs, services and facilities the City must provide and are essential in order to capably govern the municipality. The failure to provide a core service at an adequate level would result in significant negative consequence relative to the City's health & safety and economic & community vitality.

## Important Programs



- Important programs are those programs, services, and facilities the City should provide, and are important to governing the municipality and effectively serving our residents, businesses, customers, and partners. Providing Important services expands or enhances our ability to provide and sustain our City's core services, health & safety, and economic & community vitality.



## Added Value Programs



- **Added Value programs** are discretionary programs, services, and facilities that the City may provide when additional funding or revenue **exists** to offset the cost of providing those services. Added value services provide added value to our residents, businesses, customers, and partners above and beyond what **is** required or expected by a municipality.